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Message Text

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17
ACTION AF-06

INFO OCT-01 EUR-12 NEA-09 ISO-00 CIAE-00 DODE-00 PM-03

H-02 INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00

XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 INT-05

/104 W
---------- 102571
R 190930Z APR 75
FM AMEMBASSY NOUAKCHOTT
TO SECSTATE WASHDC 3655
INFO AMEMBASSY ALGIERS
AMEMBASSY BONN
AMEMBASSY DAKAR
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY RABAT

C O N F I D E N T I A L NOUAKCHOTT 0743

E.O. 11652: GDS
TAGS: EFIN EINV EMIN MR
SUBJECT: MIFERMA NEGOTIATIONS: GIRM VIEW

REF: NOUAKCHOTT 730

1. EXPATRIATE ADVISOR WITH SOCIETE NATIONALE INDUSTRIELLE ET MINIERE (SNIM), GIRM'S INDUSTRAIL HOLDING COMPANY CHARGED WITH OVERSEEING SOCIETE DES MINES DE FER DE MAURITANIE (MIFERMA), DISCUSSED FOURTH ROUND OF MIFERMA NEGOTIATIONS WITH EMBOFF APRIL 17. ADVISOR, WHO IS ONE OF KEY PERSONS CONCERNED WITH NEGOTIATIONS, COMMENTED THAT BOTH SIDES HAVE NOW PRESENTED DRAFT PROPOSALS. MIFERMA DOCUMENT HAS SEVERAL DEMANDS, WHICH HE DID NOT SPECIFY, UNACCEPTABLE TO GIRM. NEVRTHELESS, ADVISOR THOUGHT THESE DISAGREEMENTS COULD BE WORKED OUT AMICABLY. GIRMDRAFT AGREEMENT
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HAS "D ANK" SPACE WHERE AMOUNT OF COMPENSATION WOULD

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NORMALLY APPEAR.

2. ALTHOUGH ADVISOR EITHER COULD NOT OR WOULD NOT INDICATE AMOUNT OF COMPENSATION GIRM PROPOSES TO OFFER, HE SAID MAURITANIANS WILL NEGOTIATE MIFERMA REQUEST DOWNWARD BY CLAIMING "DEDUCTIONS," E.G. $6 MILLION IN WITHHOLDING TAX CITED PARA 4 REFTEL. ON OTHER HAND, HE SAID GIRM WILL NOT RAISE QUESTION OF FINE FOR FIVE TIMES AMOUNT OF UNREPATRIATED $20 MILLION.

3. ADVISOR EMPHASIZED THAT SENIOR MAURITANIAN OFFICIALS APPRECIATE IMPORTANCE OF BRINGING NEGOTIATIONS TO SUCCESSFUL AND AMICABLE CONCLUSION. HE ALSO REPORTED THAT GIRM WILL, IN FACT, OFFER COMPENSATION, ALTHOUGH IT MAY NOT BE VIEWED AS ADEQUATE IN EYES OF MIFERMA STOCKHOLDERS. IN RESPONSE TO QUESTION, HE SAID IMPACT OF LEFT-WING ELEMENTS IN MAURITANIA WILL NOT SIGNIFICANTLY AFFECT OUTCOME OF COMPENSATION OFFER. BUT IN ORDER TO AVOID MESSY POLITICAL BROUHAHA AT JULY PARTY CONGRESS, FINAL DECISION ON COMPENSATION WILL PROBABLY BE MADE AFTER COMPLETION OF CONGRESS.HANDYSIDE

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